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through leadership,
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May 12, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

To request Board approval for the Interim Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts:

Patients who received medical care at a County facility:

(1)	Account Number	LAC+USC – 5636914	\$ 30,000
(2)	Account Number	H/UCLA – 9332572	\$ 38,198
(3)	Account Number	H/UCLA – 8636851	\$ 380,551

Trauma patients who received medical care at non-County facilities:

(4)	Account Number	EMS 503	\$ 4,659
(5)	Account Number	EMS 502	\$ 5,298

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at a County facility: The compromise offer of settlement for patient account (1) is recommended because the patient cannot pay the full amount of charges based on his current financial status, and this is the highest amount he is able to contribute to settle the

account. The compromise offer of settlement for patient account (2) is recommended because the patient is unable to pay the full amount of charges and the compromise offer represents the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in this case. The compromise offers of settlement for patient account (3) is recommended because the amount is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations.

Trauma patients who received medical care at non-County facilities: The compromise offers of settlement for patient accounts (4) – (5) are recommended because the County has agreements with certain non-County medical facilities under which it pays for trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such trauma care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action will satisfy County Strategic Plan Goal #4, Fiscal Responsibility.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$458,706

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, the Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, the Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by the Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Fund.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



John F. Schunhoff, Ph.D.
Interim Director

JFS:lg (R:\LMARTINEZ\COMPROMISE\BRDLTR#76\LETTER HSA & EMS)

Attachments (5)

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: May 12, 2009

Total Charges	\$67,307	Account Number	5636914
Amount Paid (By Patient's Insurance)	\$0	Service Type	Inpatient
Balance Due	\$67,307	Dates of Service	3/21/2007 - 4/08/2007
Compromise Amount Offered	\$30,000	% of Charges	45 %
Amount to be Written Off	\$37,307	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$67,307 for medical services rendered. The patient is currently being supported by his family. The patient was denied Medi-Cal and based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient does not have the financial means to pay the full cost of care, and this offer represents the highest amount the patient is able to contribute to settle the account.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: May 12, 2009

Total Charges	\$172,934	Account Number	9332572
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$172,934	Date of Service	7/24/08 – 8/11/08
Compromise Amount Offered	\$38,197.84	% Of Charges	22 %
Amount to be Written Off	\$134,736.16	Facility	H/UCLA Medical Center

JUSTIFICATION

This patient was involved in an automobile versus motorcycle accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$172,934 for medical services rendered. The patient was not eligible for Medi-Cal and did not apply for any of Los Angeles County's low cost/no cost programs. The patient's third party liability (TPL) claim settled for \$115,000, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$38,333.33	\$38,333.33	33 %
Lawyer's Cost	\$271	\$271	.5 %
H/UCLA Medical Center *	\$172,934	\$38,197.84	33 %
Other Lien Holders *	\$1,342	\$295.20	.5 %
Patient		\$37,902.63	33 %
Total		\$115,000	100%

* Lien holders are receiving 33.5 % of the settlement (33 % to H/UCLA Medical Center and .5 % to others).

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H/UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: May 12, 2009

Total Charges	\$475,689	Account Number	8636851
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$475,689	Date of Service	9/5/07 - 10/16/07
Compromise Amount Offered	\$380,551.20	% Of Charges	80 %
Amount to be Written Off	\$95,137.80	Facility	H/UCLA Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: May 12, 2009

Total Charges (Providing Facility)	\$52,878	Account Number	EMS503
Amount Paid to Providing Facility	\$14,200	Service Type / Date of Service	Inpatient & Outpatient 8/1/06-8/3/06
Compromise Amount Offered	\$4,659	% of Payment Recovered	33%

JUSTIFICATION

This patient was involved in an automobile versus automobile accident. As a result of this accident; the patient was treated at Holy Cross Hospital and incurred total inpatient charges of \$52,878 for medical services rendered. The facility has received payment from the Los Angeles County Trauma Fund in the amount of \$14,200. The patient's third-party claim has been settled for \$15,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$15,000)
Attorney fees	\$5,000	\$5,000	33%
Attorney cost	\$687	\$687	2%
Los Angeles County	\$52,878	\$4,659	31 %
Other Lien Holders	\$1,114	\$341	1%
Patient		\$4,313	33%
Total		\$15,000	100%

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: May 12, 2009

Total Charges (Providing Facility)	\$61,685	Account Number	EMS200
Amount Paid to Providing Facility	\$27,864	Service Type / Date of Service	Inpatient 10/28/06-11/03/06
Compromise Amount Offered	\$5,298	% of Payment Recovered	19%

JUSTIFICATION

This patient was involved in an automobile versus automobile accident. As a result of this accident; the patient was treated at Northridge Medical Center and incurred total inpatient charges of \$61,685 for medical services rendered. The facility has received payment from the Los Angeles County Trauma Fund in the amount of \$27,864. The patient's third-party claim has been settled for \$15,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$15,000)
Attorney fees	\$5,000	\$4,000	20.67%
Los Angeles County	\$61,685	\$5,298	35.32%
Other Lien Holders	\$8,240	\$702	4.68%
Patient		\$5,000	33.33%
Total		\$15,000	100.00%

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.